

**MINUTES OF THE SCHOOL BOARD AUDIT COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
May 6, 2008**

The School Board Audit Committee met on Tuesday, May 6, 2008 at 2:30 p.m. in the School Board Administration Building, Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

Members Present:

Voting:

Mr. Jeffrey B. Shapiro, Chair
Ms. Betty Amos, Vice Chair
Ms. Perla Tabares Hantman, School Board Vice Chair
Mr. Frank Carollo
Mr. Manuel A. Gonzalez
Ms. Susan M. Kairalla
Mr. Willie Kemp
Mr. Robert W. Schomber
Mr. Robert Stein
Mr. Nick Tootle
Mr. Vidal Marino Velis

Non-Voting:

Mr. Allen M. Vann

Call to Order

Mr. Shapiro, Chair called the meeting to order at 3:03 p.m.

Introductions

Mr. Shapiro asked everyone present to introduce themselves. The following persons were present:

Ms. Ana Rivas Logan, Board Member
Dr. Marta Perez, Board Member
Ms. JulieAnn Rico, School Board Attorney
Mr. Freddie Woodson, Associate Superintendent
Mr. Will Gordillo, Assistant Superintendent
Ms. Maria T. Rojas, Assistant Superintendent
Dr. Grace Ali, Chief Financial Officer
Ms. Connie Pou, Controller
Ms. Daisy Naya, Assistant Controller
Mr. Luis M. Garcia, Chief Assistant Board Attorney
Mr. Jerold Blumstein, Adm. Asst. to Dr. Karp
Ms. Ana Lara, Adm. Asst. to Ms. Tabares Hantman
Ms. Vivian Lissabet, Adm. Asst. to Ms. Logan
Ms. Libby Perez, Adm. Asst. to Dr. Perez
Mr. Philip Slama, District 7 Board Member, Intern
Ms. Maria T. Gonzalez, Asst. Chief Auditor
Mr. Trevor Williams, Asst. Chief Auditor

Ms. Deborah Karcher, Executive Officer
Mr. James O'Donnell, Chief Info Sec. Officer
Ms. Virginia Byrd, Administrative Assistant
Ms. Ileana Martinez, Clerk of the School Board
Ms. Janet Hupp, Regional Supt., V
Mr. Marcos M. Moran, Regional Supt., I
Ms. Neyda Navarro, Regional Supt., VI
Mr. George A. Nunez, Regional Supt., III
Ms. Essie S. Pace, Regional Supt., IV
Ms. Enid Weisman, Regional Supt., II
Ms. Melanie Fox, Administrative Director
Mr. Jorge L. Garcia, Administrative Director
Ms. Cynthia Gracia, Administrative Director
Ms. Marta Montaner, Administrative Director
Ms. Penny Parham, Administrative Director
Ms. Mary Lee Snipes, Administrative Director
Ms. Jeanethe Thompson, Adm. Dir.

Attendees continued

Mr. Julio Miranda, District Director
Ms. Mary A. Paz, Executive Director
Ms. Tamara Wain, Director
Mr. Dylan Hughes, Supervisor
Mr. Luis Baluja, Supervisor
Ms. Bertha Valcarcel, Asst. to Ms. Hantman
Ms. Lourdes Amaya, Administrative Aide
Ms. Elsa Berrios Montijo, Administrative Asst.
Mr. Barry Mouling, Visitor
Ms. Kathleen McGrory, Reporter
Ms. Ketty Rodriguez, Reporter

1. Approval of the Minutes of the Audit Committee meeting of March 18, 2008

Ms. Kairalla made a request to further review the minutes and noted that she was not clear on some information on the minutes. She asked for a copy of the audio. Mr. Shapiro deferred the minutes to the next scheduled meeting to give Ms. Kairalla time to further review the minutes.

A motion was made by Mr. Schomber and seconded by Ms. Hantman to defer the minutes until Ms. Kairalla reviews them.

2. Overview of Board Approved Superintendent's Downsizing and Reorganization of Selected District Offices and Regional Center Offices (The Chief Auditor and Office of Management and Compliance Audits reports directly to the Superintendent)

Mr. Vann addressed this item in place of Ms. Spaht and noted that this item is for informational purposes. He explained that School Board Rule 2C-1.142 states any recommendation for the removal or transfer of the Chief Auditor and the reasons for such removal or transfer shall be brought before the Audit Committee to obtain its recommendation to the Board. Mr. Vann stated that last month a proposed reorganization plan was submitted to the Board realigning certain responsibilities of a number of individuals. He explained that traditionally the Chief Auditor reported administratively to the Chief of Staff and had a dotted line to the Audit Committee, but it was a direct line to the Chief of Staff who works within the Superintendent's office, and that was the traditional reporting relationship. Mr. Vann said that the actual phrasing in the School Board Rule for the Chief Auditor position is that the Chief Auditor always reports to the Superintendent. Currently, the proposed reorganization states that the Chief of Staff position will be eliminated and this position will be assuming more line functions and more departments will be reporting to this position. He stated that to maintain the continuity of the direct reporting relationship between the Chief Auditor and the Superintendent the organizational chart has been drawn so that there is a straight line from

the Chief Auditor to the Superintendent. Mr. Vann pointed out that this new reporting line is in-line with the "Yellow Book" standard for governmental auditing.

Ms. Hantman expressed concern on the change of the Chief Auditor reporting to the Superintendent and noted that she had discussed her concerns with the Superintendent before the School Board meeting and during the School Board meeting of April 16, 2008. Her greatest concern was that the change was not brought to the Audit Committee until after the reporting line was brought to the Board. She pointed out that the School Board Rule was violated and it would seem appropriate that the Superintendent should have brought to the Audit Committee any transfer or changes to the Chief Auditor's reporting line. She stated for the record that the reason this item was presented to the Audit Committee was because she addressed it.

Mr. Carollo inquired on why the Audit Committee was not notified of the change.

Mr. Vann responded that he was not privy to the full scope of the reorganization until the reorganization was presented to him and noted that it was a day or two before it was presented to the School Board. At that time he had a discussion with the Chief of Staff explaining that under the "Yellow Book" standard for governmental auditing the proposed reporting line for the Chief Auditor could not continue reporting through the Chief of Staff. Mr. Vann explained that since the Chief of Staff was given additional departments to supervise the Chief Auditor would not be able to audit those departments and for that matter the Chief Auditor could not report to the Chief of Staff anymore. The Chief of Staff had a discussion with the Superintendent and they concurred that the Chief Auditor must stay under the purview of the Superintendent in accordance with the Board rule.

Ms. Amos believes that reporting to the Superintendent would strengthen the position of the Chief Auditor and agrees with the change.

Mr. Shapiro pointed out that the Audit Committee is not in the position to ratify because this item is before the Audit Committee for informational purposes not for action today.

Ms. Amos made a comment that in the real world the Chief Auditor will be reporting to the Audit Committee.

Ms. Logan asked if the committee agreed with the change.

Mr. Schomber stated that the change is an improvement and noted that this is the second time the Chief Auditor was moved without consultation of the Audit Committee.

Ms. Kairalla commented that in the past Ms. Spaht attended the Audit Committee meetings and asked if the Superintendent will be attending the Audit Committee meetings.

Mr. Vann responded that he will inquire and report back. He explained that Ms. Spaht was not able to attend the meeting today because of some surgery she had to take care of.

Ms. Hantman pointed out that since Ms. Spaht will not be working with the Chief Auditor there is no need for her to attend the Audit Committee meetings. She stated that the person over the Chief Auditor should be attending the meetings.

Mr. Vann said he would consult with the Superintendent.

This item was for informational purposes only and there was no action taken.

3. Office of Management and Compliance Audits' Activity Report

Mr. Vann gave a brief overview of the Activity Report. He provided the committee a list of the audit reports in progress. Mr. Vann had advised the committee at the last Audit Committee meeting that the remaining school audits may not be completed however, school audits are moving well beyond their expectations. He addressed the Enterprise Resource Planning (ERP) Project, which will be transforming the District's system. He informed the committee that staff from OMCA will be evaluating the design of the new systems, to make sure there are adequate controls although management will remain primarily responsible for the design and implementation of the system. He noted that OMCA will be providing consulting type services, not auditing. Mr. Vann advised that he will provide updates from time to time.

Ms. Kairalla commented that under the reorganization ERP was moved from under the supervision of Ms. San Pedro and expressed concern on the continuity and the people that have been working on the project.

This item was for informational purposes only and there was no action taken.

4. Results of Peer Review of the Office of Management and Compliance Audits for the period January 1, 2005 to December 31, 2007

Mr. Vann gave a brief summary of the results of the peer review conducted and informed the committee that he was extremely pleased with the results. Basically, the peer review team recommended that the nature of the school audits be re-evaluated as to their classification and the manual be revised to more fully describe the procedures to be followed.

Ms. Amos commended Mr. Vann and staff for the results that were noted and commented that it is known that the audit team is doing a great job, nonetheless it is nice to see them validated by an outside group.

This item was for informational purposes only and there was no action taken.

5. Internal Audit Report – Selected Schools:

Ms. Gonzalez provided the committee a summary of the report and informed them that she completed 69 school audits. She noted that at 11 schools, controls need improvement in selected areas; but particularly, internal funds, where four schools report findings related to the misappropriation of funds.

There was some discussion on the excessive number of yearbooks purchased at the schools and insufficient monies to cover the yearbook programs.

Mr. Shapiro referred to page 6, and expressed concern on the number of property items missing at South Miami Senior High with a value of \$46,940 and asked why this was not reported on a timely manner.

Ms. Gonzalez explained that the employee in charge of handling the property was not aware of the procedures. Several break-ins contributed to some of these losses; however, Plant Security Reports were not submitted within 24 hours of discovery of loss, which is stated in the Manual of Property Control Procedures.

The motion was made by Ms. Amos and seconded by Mr. Gonzalez to transmit this audit to the School Board for its consideration. The motion passed unanimously.

Ms. Gonzalez made a request to the committee, to schedule Miami Southridge Senior's follow-up audit in September rather than in June, so she can present a full audit. The committee agreed.

OTHER BUSINESS

6. New Business

Adjournment

Mr. Shapiro adjourned the meeting at 3:41 p.m.